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BEFORE THE ARIZONA

WILLIAM A. MUNDELI Arizona Corporation Commission
Chairman
JIM IRVIN
Commissioner
MARC SPITZER
Commissioner

DOCKETED

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IN THE MATTER OF THE APPLICATION
OF AMERICAN FIBER NETWORK, INC. FOR
A CERTIFICATE OF CONVENIENCE AND
NECESSITY TO PROVIDE COMPETITIVE
LOCAL EXCHANGE TELECOMMUNICATIONS
COMMUNICATIONS SERVICES

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STAFF'S FAIR VALUE RATE
BASE COMMENTS

On January 22, 2001, American Fiber Network, Inc. ("AFN" or "the Company") filed a response to the November 31, 2000 Procedural Order's requirement that AFN file Fair Value Rate Base ("FVRB") information in support of its application for a Certificate of Convenience and Necessity ("CC&N"). The November 31, 2000 Procedural Order ordered the Utilities Division Staff ("Staff") to file disagreements with the proposed FVRB and/or rates and charges within 30 days of the Company's filing its FVRB information.¹ Staff hereby files its comments as required by the November 31, 2000 Procedural Order.

AFN's January 22, 2001 FVRB filing provided insufficient information for a Staff analysis and recommendation for a fair value finding in this case.

Staff recommends that AFN should be required to file in this Docket, within 18 months of the date it first provides service following certification, sufficient information for Staff analysis and recommendation for a fair value finding, as well as for an analysis and recommendation for permanent tariff approval. Staff believes that this information must include, at a minimum, the following:

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¹ The November 31, 2000 Procedural Order also ordered Staff to review the FVRB information filed and ascertain that AFN is utilizing the appropriate amount of depreciation and capital carrying costs in determining its minimum and maximum rates. AFN's filing provided insufficient information for Staff to so ascertain.

1 1. A dollar amount representing the total revenue for the first twelve months of
2 telecommunications service provided to Arizona customers by the Company following
3 certification, adjusted to reflect the **maximum rates** that the Company has requested in
its tariff. This adjusted total revenue figure could be calculated as the number of units
sold for all services offered times the maximum charge per unit;

4 2. The total actual operating expenses for the first twelve months of
5 telecommunications service provided to Arizona customers by the Company following
certification; and

6 3. The value of **all assets**, listed by major category, used for the first twelve
7 months of telecommunications service provided to Arizona customers by the Company
8 following certification. Assets are not limited to plant and equipment. Items such as
office equipment and office supplies should be included in this list.

9 Staff recommends that AFN's proposed tariffs be approved on an interim basis pending its
10 timely provision of the above-described data to the Commission, and that AFN's failure to timely
11 file sufficient information for Staff analysis and recommendation for a fair value finding and
12 permanent tariffs should result in the expiration of AFN's CC&N and interim tariffs. In addition,
13 if there are any disagreements with any FVRB information AFN files, the Order granting AFN's
14 CC&N should be stayed pending resolution of those disagreements.

15 RESPECTFULLY SUBMITTED this 2nd day of February, 2001.

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18 By: 

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22 The original and fifteen copies of the
23 foregoing were filed this 2nd day of February, 2001, with:

24 Docket Control
Arizona Corporation Commission
1200 West Washington Street
25 Phoenix, Arizona 85007

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1 Copy of the foregoing was mailed
2 this 2nd day of February, 2001, to:

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